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SENATE BILL 14

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2003

INTRODUCED BY

Sue Wilson Beffort

FOR THE LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING AN INCOME TAX CREDIT FOR THE
PURCHASE OF HEALTH INSURANCE; ENACTING A SECTION OF THE INCOME
TAX ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted
to read:

"[NEW MATERIAL] HEALTH INSURANCE TAX CREDIT. --

A. Except as otherwise provided in Subsection B of
this section, a resident who files an individual New Mexico
income tax return and who is not a dependent of another
individual may claim a tax credit for a portion of the health
insurance premium the resident has paid during the taxable year
for which the return is filed. The tax credit may be claimed
even though the resident has no income taxable under the Income

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1 Tax Act. A husband and wife who file separate returns for a
2 taxable year in which they could have filed a joint return may
3 each claim only one-half of the credit that would have been
4 allowed on a joint return.

5 B. A claim for the tax credit provided in this
6 section shall not be filed by a resident who, during the
7 taxable year:

8 (1) was enrolled in a program funded in whole
9 or in part by Title 19 or Title 21 of the federal Social
10 Security Act for which the resident did not pay a health
11 insurance premium;

12 (2) claimed the health insurance premium as a
13 federal itemized deduction, as defined in Section 63 of the
14 Internal Revenue Code; or

15 (3) claimed the health insurance premium as a
16 deduction pursuant to Section 7-2-35 NMSA 1978.

17 C. The tax credit provided in this section, not to
18 exceed two thousand five hundred dollars (\$2,500), shall be a
19 percentage of the resident's health insurance premium
20 expenditures for the taxable year relative to the resident's
21 modified gross income as a percentage of the federal poverty
22 guidelines, as shown in the following table:

23 Modified gross income	Tax credit as a percent of
24 as a percent of the	health insurance premium
25 federal poverty guidelines	expenditure

1	Less than 50	90
2	51 to 75	85
3	76 to 100	80
4	101 to 125	75
5	126 to 150	70
6	151 to 175	65
7	176 to 200	60
8	201 to 250	50
9	251 to 300	25.

10 D. The tax credit provided in this section may be
11 applied against the resident's income tax liability for the
12 taxable year in which the credit is claimed. If the amount of
13 the credit exceeds the resident's income tax liability, the
14 excess shall be refunded to the resident.

15 E. For the purposes of this section, the department
16 shall use the federal poverty guidelines published by the
17 federal department of health and human services that are in
18 effect on December 31 of the taxable year. The department shall
19 use the number of federal exemptions allowable for federal
20 income tax purposes in determining the federal poverty
21 guidelines for the respective size of the family unit.

22 F. For the purposes of this section, "health
23 insurance premium" means the amount paid by a resident in the
24 taxable year for the purchase of a group or individual policy
25 that provides coverage for medical services and supplies on an

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indemnity, prepaid, managed care or other basis. "